

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EB-08 /021 W

-----118198 242335Z /15

R 240815Z JAN 78

FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC 7020

USDOC WASHDC

INFO AMCONSUL LENINGRAD

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USDOC FOR BEWT/TDAD (STECHSCHULTE) AND BEWT/USSR (HEISS)

E.O. 11652: N/A

TAGS: EIND, UR

SUBJECT: KAMAZ TRUCK PLANT AND SWINDELL CONTRACT

REF: MOSCOW 0832

SUMMARY: KAMAZ PRODUCTION REMAINS FAR BELOW LEVELS NECESSARY TO MEET PLAN. FOUNDRIES ARE NINE MONTHS BEHIND SCHEDULE AND OPERATING AT ONLY 15 PCT OF CAPACITY. CONTRACT DISPUTES FURTHER THREATEN ABILITY TO MAINTAIN SCHEDULE. OVERALL KAMAZ PRODUCTION LOW AND TRUCK ENGINE QUALITY BELOW DESIGN. THESE PROBLEMS DUE IN GREAT MEASURE TO OUTDATED SOVIET METHODS AND EQUIPMENT AND TO POOR WORK ATTITUDES OF NON- EXPATRIATES. END SUMMARY.

1. DURING A VISIT TO MOSCOW IN EARLY JANUARY, TECHNICAL REPRESENTATIVE OF AMERICAN COMPANY SWINDELL, RESIDENT FOR LAST 14 MONTHS AT KAMA TRUCK FACILITY IN NABEREZHNYE CHELNY, COMMENTED ON KAMA FACILITY, ITS PERSONNEL AND PROBLEMS.

2. CURRENT TRUCK PRODUCTION IS ABOUT 56 PER DAY. (THIS ESTIMATE IS THUS WELL BELOW THAT PROVIDED BY PULLMAN SOURCES AND REPORTED REFTEL). SOURCE DESCRIBED HOW, IN LATE 1977, HE LOST TEMPORARILY  
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HIS INTERPRETER TO THE PRODUCTION FACILITY AS A LABORER ON THE ASSEMBLY LINE. THE INTERPRETER LATER ADMITTED UNDER PRODDING THAT MUCH SUCH LABOR HAD BEEN THUS COMMANDERED DS PRODUCTION WAS 5000 UNITS BEHIND PLAN (15,000 VS 20,000 THE AMERICAN THOUGHT) ALTHOUGH HE SAID HIS PSJAMETERS MIGHT BE OFF BY AN EVEN 5000).

3. THE IRON AND NON-FERROUS FOUNDRIES, FOR WHICH NINE MELTING

AND EIGHT HOLDING FURNACES WERE TO BE PUT UP BY SWINDELL, ARE ALREADY NINE MONTHS BEHIND SCHEDULE (SHOULD HAVE BEEN COMPLETED MARCH, 1977). THE COMPLEX IS NOW OPERATING AT A MERE 15 PERCENT OF CAPACITY. IT IS ALMOST CERTAIN THAT THERE WILL BE SIGNIFICANT FURTHER DELAYS. SOVIETS ARE HAVING ELECTRICAL DIFFICULTIES,

PROBABLY RELATED TO SWITCHING, WHICH MAKE IT IMPOSSIBLE TO SUPPLY ELECTRICAL CURRENT TO MORE THAN HALF OF THE FURNACES AT ANY GIVEN TIME. FURTHERMORE, SWINDELL HAS STOPPED DELIVERY ON MATERIALS FOR THE EIGHT HOLDING AND EIGHTH AND NINTH MELTING FURNACES. THEY HAVE A CONTRACT DISPUTE WITH SOVIETS ON PAYMENT FOR COSTS ASSOCIATED WITH EXTENSION OF PERSONNEL AND ON PAYMENT FOR CERTAIN CRITICAL MATERIALS WHICH THEY SAY SOVIETS EITHER LOST OR DAMAGED BEYOND REPAIR. IF PRINCIPLES INVOLVED IN DISPUTE ARE RESOLVED, THERE WILL STILL BE PRACTICAL DIFFICULTIES AS DAMAGED/LOST MATERIALS MUST BE PROCURED FROM US SUPPLIERS WHO REFUSE TO RETOOL FOR THE SMALL QUANTITIES NOW NEEDED.

4. REPRESENTATIVE DEFINED OVERALL FOUNDRY COMPLEX AS ONE MILE LONG, ONE QUARTER MILE DEEP, AND MADE UP OF THREE BUILDINGS. FIRST AND LARGEST BUILDING (CONSIDERABLY MORE THAN A CITY BLOCK IN LENGTH) HOUSES IRON FOUNDRY, THE NEXT THE STEEL PRODUCTION FACILITY, AND THE THIRD AND SMALLEST THE NON-FERROUS FOUNDRY.

5. HE DEPICTED SOVIET EQUIPMENT AND METHODS WITH WHICH HE WAS DEALING AS GENERALLY TWENTY YEARS BEHIND US STATE OF THE ART  
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(E.G., OPEN ELECTRICAL RELAYS, TRANSPORTATION OF CASTINGS FROM MOLDS TO CLEANING AND MACHINING BY MEANS OF FORK LIFTS AND TOTE BOXES INSTEAD OF CONVEYORS, MOVEMENT OF IRON THROUGH THE FOUNDRIES BY MEANS OF ELECTRIC CARS AND WAGONS, AND FURNACE PROGRAMMING BY HAND INSTEAD OF AUTOMATICALLY BY IBM COMPUTER PURCHASED FOR THAT PURPOSE.)

6. HE QUALIFIES ONLY A FEW SOVIET SUPERVISORY PERSONNEL AS MEETING THE STANDARDS OF AVERAGE US TECHNICIANS. THUS, THE ABSENCE OF CERTAIN KEY INDIVIDUALS ALWAYS THREATENS A DISPROPORTIONATE IMPACT ON OPERATIONS. HE SAID, HOWEVER, THAT WORK ATTITUDE WAS A MUCH WORSE PROBLEM, AND WENT ON TO DESCRIBE TYPICAL CASES OF HOW FURNACES AND OTHER CAPITAL EQUIPMENT WERE NEEDLESSLY MISTREATED, SOMETIMES LEADING TO ALLEGATIONS THAT WESTERN MANUFACTURERS SUPPLIED INFERIOR PRODUCTS.

7. SOURCE INDICATED THAT KAMAZ IS HAVING DIFFICULTIES WITH THE ENGINES CURRENTLY BEING PRODUCED AT THE PLANT. HE SAID THEY BURN TOO MUCH FUEL AND OIL. CAUSE OF THE PROBLEM, ACCORDING TO HIM, IS THAT SOVIETS ARE UNABLE TO MAINTAIN CONSISTENCY IN THE IRON BEING USED FOR ENGINE BLOCKS, RESULTING IN UNDESIRABLE SOFT AND HARRY SPOTS WHICH MAKE MACHINING IMPOSSIBLE. SOVIETS ACCUSED THE US

FIRM PROVIDING THE MACHINE TOOLS (CELLO) OF HAVING FURNISHED SUB-STANDARD EQUIPMENT. XCELLO SMUGGLED OUT SAMPLES, ANALYZED THEM AND PROVIDED SOVIETS WITH COPY OF ANALYSIS. AT THIS JUNCTURE SOVIETS CEASED COMPLAINING ABOUT THE EQUIPMENT.

8. SOURCE SAID SOVIETS HAD MADE CLEAR FROM BEGINNING THAT THEY CAME TO SWINDELL FOR LATTER'S FOUNDRY TECHNOLOGY. HE DOUBTED SERIOUSLY, HOWEVER, THAT PLANT COULD BE KEPT RUNNING WITHOUT CONTINUED EXPATRIATE PARTICIPATION. HE DESCRIBED SWINDELL CONTINGENT OF 12 TECHNICIANS, ALTHOUGH ONLY NINE ARE CURRENTLY ON SITE. HE PUT FIGURE FOR TOTAL EXPATRIATES AT KAMA AT 200, ALTHOUGH LESS THAN HALF PROBABLY ON SITE DURING HOLIDAY SEASON.

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## Message Attributes

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**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Disposition Approved on Date:**  
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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014